

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7469

BILL NUMBER: HB 1410

DATE PREPARED: Jan 10, 1999

BILL AMENDED:

SUBJECT: Infant hearing loss testing.

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FUNDS AFFECTED: X GENERAL
X DEDICATED
X FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill adds hearing examinations to the tests required under the Newborn Screening Program. The bill requires insurance policies and group contracts that provide maternity benefits to pay for the tests required under the Newborn Screening Program. It establishes the Newborn Hearing Screening and Intervention Advisory Board to provide advice and recommendations on issues concerning hearing impairment. The bill sunsets the board on July 1, 2002. It provides that facilities that have less than 100 births a year are not required to provide infant hearing screening until July 1, 2000.

Effective Date: July 1, 1999.

Explanation of State Expenditures: This bill adds hearing examinations to the tests required under the Newborn Screening Program. There would be a fiscal impact to the state for those newborns who are Medicaid eligible. There are approximately 35,000 newborns who are Medicaid eligible. The bill exempts facilities that have less than 100 births a year from providing infant hearing screening tests. According to the State Department of Health 96 of the 102 hospitals in the state have more than 100 births per year. For analysis purposes it is assumed that since 96 out of 102 hospitals will be required to conduct this testing all Medicaid eligible babies (35,000) will need to be tested. It is also assumed that one-third of the newborns are enrolled in the Medicaid risk-based managed care (RBMC) program for which testing costs would be covered under a capitated rate. Two-thirds of the newborns, however, receive Medicaid services under the Primary Care Case Management (PCCM) system, which is a modified fee-for-service system. Therefore, Medicaid will be responsible for an estimated 23,450 hearing examinations. The state share of Medicaid is about 38.69%.

The most commonly used test used on newborns to screen for hearing loss is the Otoacoustic Emissions (OAE) test. The average cost of the OAE test is \$25. The state share of the cost of each OAE test would be \$9.68. If all of the 23,450 Medicaid PCCM newborns are tested, the cost to the state will be approximately \$226,762.

About one-third of the Medicaid eligible newborns are enrolled in the risk-based managed care program for which the hearing tests would be covered under a capitated rate. While there is no short term impact to the state for the individuals in the risk-based managed care program, increased costs would likely lead to higher capitation rates in the future.

The bill creates the Newborn Hearing Screening and Intervention Advisory Board to provide advice and recommendations on issues concerning hearing impairment. Board members will not receive per diem or travel reimbursement. The bill requires the State Department of Health (SDOH) to provide staff to the Board. Any costs to the SDOH in providing staff to the Board can be absorbed within the existing budget.

This bill mandating coverage of hearing tests for infants may also impact costs faced by the health care plans providing coverage to state employees. The increased costs may be reflected in increased premiums and enrollment fees charged by the plans. Increased premiums and fees, however, may or may not result in additional costs to the state, depending upon administrative action as to the determination of the employer/employee cost share for health plan benefits. The state currently pays about 95% of aggregate employee health plan costs.

Explanation of State Revenues:

Explanation of Local Expenditures: Similar to the state, mandated coverage of hearing examinations for infants may increase costs to some insurance plans purchased by local governments and school corporations in the provision of health benefits to their employees. Increased premiums and enrollment fees, however, may or may not result in additional costs to local governments and school corporations, depending upon administrative action as to the determination of the employer/employee cost share for health plan benefits offered to employees. The impact on local units of government and school corporations would differ by local unit and the particular benefit plan currently provided to employees.

Explanation of Local Revenues:

State Agencies Affected: Family and Social Services Administration, Office of Medicaid Policy and Planning, State Department of Health.

Local Agencies Affected: All.

Information Sources: Marilyn Cage, SDOH, 233-2170, Dr. James Lemons, IU-Riley, 274-4716, National Institute of Health Consensus Statement on Early Identification of Hearing Impairment in Infants and Young Children.